

January 23, 1946

FCIC COTTON HANDBOOK FOR THE AGENT  
1946

This Handbook is designed for the use of the agent in selling cotton crop insurance covering the 1946 and succeeding crop years. It is intended to serve a threefold purpose. First, some of the main provisions of the cotton crop insurance program are outlined briefly for the convenience of the agent. However, the regulations should be studied carefully so that correct and complete information may be given about the insurance being sold. Second, typical examples are included for the guidance of the agent in the preparation and execution of both the application and the Agent's Sales Report. Third, tables are included which may be used by the agent to determine readily the approximate amount of insured production.

I. DUTIES AND RESPONSIBILITIES OF THE CROP INSURANCE AGENT

If the agent is assigned a definite area, it is his duty to contact all cotton producers in the area personally. Experience has shown that personal contact is the best method of selling. As a rule, prospects for insurance do not seek the agent. The agent must seek the prospective customer. There is an old saying in insurance circles that "Insurance is sold--not bought." If a definite area is not assigned to the agent, he should attempt to contact personally as many cotton producers as possible.

The agent should explain the major provisions of the program and the security it offers and convince the prospect of his need for carrying crop insurance. In other words, he should sell the prospect on the advantages of crop insurance and, if possible, obtain an application for the insurance.

The explanation of the insurance program should be sufficiently complete so that there will be no misunderstanding of the insurance protection. Erroneous and incomplete information may ultimately lead to dissatisfaction with the insurance. To explain the provisions adequately, the agent must have a thorough understanding of the 1946 cotton crop insurance regulations, the application, and the application procedure.

The agent shall make certain that the typed or printed name on the application agrees with the signature of the applicant. All signatures shall be affixed in accordance with the instructions contained in the revised ACP-16, "Instructions on Signatures and Authorizations." Special attention should be given in those cases where the applicant signs an application in a representative capacity.

The agent shall see that all applications secured by him are complete and correct and are forwarded daily to the office of the county association, together with the Agent's Sales Report and any checks or money orders representing premium payments collected.

II. PRINCIPAL PROVISIONS OF THE 1946 COTTON CROP INSURANCE PROGRAM

A. Continuous Contract

1. In past cotton crop insurance programs, the insurance contract between the Corporation and the insured has been on an annual basis. In 1946, insurance is provided under a contract which will continue in force each year thereafter unless terminated by the Corporation or the insured. Notice of termination of the contract for 1947 must be given



in writing to the office of the county association on or before January 31, 1947, except that if the premium rate is increased or the insurance coverage is reduced from 1946 on any cotton farm in the county in which the producer has an interest, such producer may give notice of termination on or before the applicable closing date for filing cotton crop insurance applications in the county for 1947. The contract may be similarly terminated for 1948 or succeeding years.

2. An application may be submitted by any person to cover his interest as landlord, owner-operator, tenant, or sharecropper in the cotton crop at the time of planting. It covers the cotton planted on all the insurable farms located or considered to be located in the county but it cannot cover any farm or part thereof which is designated as "non-insurable" on the listing sheet.
3. Applications for insurance must be submitted to the agent or to the office of the county association on or before the closing date. The "closing date" is the date of the beginning of planting of the cotton crop on any farm in the county in which the applicant has an interest, or the applicable calendar date set forth in section 419.44 of the regulations, whichever is earlier.
4. The insurance provides protection against loss in yield of lint cotton, and loss of cottonseed production if the producer so requests in his application.
5. The applicant may request that the insurance coverage be either 50 or 75 percent of the average yield.
6. Separate applications must be submitted by a person who desires insurance on some farms in a personal capacity and on other farms in a fiduciary or representative capacity. For example, a person who may desire insurance on his own farm and also on another farm for which he is acting as administrator of an estate must submit separate applications.
7. Where an individual desires cotton crop insurance to cover his interest in a farm(s) in a partnership capacity and also to cover his interest in a farm(s) in an individual capacity, separate applications must be submitted.
8. The accepted application and the cotton crop insurance regulations and any amendments thereto become the contract.
9. If accepted by the Corporation, the insured's copy of the application and a copy of the regulations will be mailed to him.
10. Insurance on insured acreage begins when the crop is planted. Acreage put to another use before it is too late to replant to cotton is not insured acreage. Acreage which is destroyed or substantially destroyed before it is too late to replant to cotton and which is left idle or is fallowed until it is too late to replant to cotton is also not insured acreage.



11. Generally, insurance ends upon weighing in at the gin, or disposal of the harvested crop before weighing in at the gin. However, in no event shall the insurance remain in effect later than March 31 of each year in Arizona, California, and New Mexico, or January 31 of each year in all other states, unless such dates are extended in writing by the Corporation.
12. The contract covers loss in yield due to unavoidable causes, including drought, flood, hail, wind, frost, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant diseases, and any other unavoidable causes as may be determined by the Board of Directors of the Corporation.
13. The contract does not cover loss due to neglect, theft, use of defective or unadapted seed, domestic animals, planting under conditions of immediate hazards, failure properly to plant, care for, or harvest the crop, etc., or the breakdown of machinery or equipment.
14. The contract provides that the right to an indemnity may be assigned by the original insured as collateral for a loan or other obligation.

B. Minimum Participation Requirement

1. The Federal Crop Insurance Act provides that a minimum number of farms must be covered by written applications filed in a county before insurance will be provided in the county. The submission of applications covering 50 farms will meet this minimum. In counties where less than 150 farms normally produce crops authorized to be insured, applications covering one-third of the farms normally producing such crops will meet the minimum. The applications on file and the contracts covering all the crops grown in the county which are authorized to be insured will count toward meeting this minimum. The Corporation cannot accept applications for insurance until the minimum participation requirement for the county is met. The minimum participation requirement for each county will be established by the Corporation. If it is not met, all the applications submitted will have to be rejected by the Corporation.

C. Premiums

1. The premiums do not include any charge for the cost of administering the program, as this cost is paid by the Federal Government.
2. By signing the application for crop insurance, the applicant executes a note for payment of the annual premium. The annual premium is due about harvest time. A co-signer is required each year unless the applicant is considered a good credit risk.
3. Promptly after planting, the insured must submit report(s) showing (1) the acreage planted to cotton on each farm in the county in which he has an interest in the cotton crop at the time of planting and (2) his interest therein. The annual premium will be computed in pounds on the basis of the acreage report submitted each year. The premium in pounds will be converted to dollars on the basis of the cash equivalent price of cotton applicable for (1) the date of payment or (2) the maturity date for the payment of the annual premium, whichever occurs first.



4. Payment of the 1946 premium at the time the application is signed should never be discouraged and may be accepted by the agent. Payment to the agent must not be in cash but may be by check, money order, or bank draft, payable to the order of the Treasurer of the United States. However, cash payments may be made at the office of the county association. Premium payments accepted by the agent shall be turned in to the county office which will send a Form FCI-13, "Receipt," to the applicant for each collection made by the agent.
5. Payments submitted with the application will be on an estimated premium basis and any amount in excess of the correct premium may be credited on future payments or refunded unless the insured is otherwise indebted to the Corporation.
6. Unless the annual premium is paid in full before the maturity date, the insured will be notified of the amount of the cash premium due.
7. If cottonseed production is insured, the premium for lint cotton insurance will be increased by 20 percent, to provide the premium for insurance on cottonseed.
8. The annual premium bears no interest before maturity. Interest at the rate of one-half of one percent per month or portion thereof, beginning at maturity, will be charged on any portion of the premium which is not paid within two calendar months after maturity.
9. The minimum annual premium for an insurance contract is 15 pounds of lint cotton.

D. Damage to or Loss of Crop Before it is Too Late to Replant

If it becomes evident that a stand of cotton on any acreage will not be obtained without replanting and it is practicable to replant, or if any acreage of cotton is destroyed or substantially destroyed and it is practicable to replant, such acreage will not be insured unless it is replanted to cotton.

E. Damage to or Loss of Crop After it is Too Late to Replant

1. If damage to the cotton crop occurs after it is too late to replant to cotton and it appears that the crop is damaged to the extent that an indemnity may be claimed, the insured producer should promptly notify the county committee in writing.
2. If the crop is destroyed or substantially destroyed after it is too late to replant cotton, the acreage may be put to another use only with the consent of the Corporation.
3. A Statement in Proof of Loss should be submitted to the Corporation immediately after the time of loss and must be submitted within 60 days after the time of loss.
4. The amount of indemnity payable for any insurance unit will be the insured production minus the insured interest in the harvested and appraised production except that only three-fourths of the loss will be paid on harvested acreage. If cottonseed production is insured, the amount of indemnity for lint cotton insurance will be increased by 20 percent to cover the loss of cottonseed.



5. Indemnities will be paid by the issuance of a Certificate of Indemnity which will show thereon the number of pounds of indemnity, and which will bear an expiration date.
6. Settlement under the Certificate of Indemnity will be made in cash or in cotton (if cotton is available) whichever the insured requests. Loans on Certificates of Indemnity by CCC may also be available.

#### F. Transfer of Interest

1. If all or any part of the insured cotton crop is transferred to another person, the transferor should notify the county committee promptly in writing.
2. In case of a transfer the indemnity will be payable to the person or persons having the insured interest in the crop at the time of loss. Any outstanding collateral assignment made by the original insured will be paid before the transferee receives any payment.
3. The original insured will be responsible for the payment of the entire premium.

#### G. Average Yields and Premium Rates

The farm average yield and premium rate were established by the county committee in accordance with instructions issued by the Corporation. The average yields were established from actual production records, or by appraisal if production records were not available.

### III. MAXIMUM AMOUNT OF INDEMNITY PAYABLE AT VARIOUS STAGES OF PRODUCTION

In the 1945 cotton crop insurance program, the amount of coverage was reduced if the insured cotton crop was destroyed in the growing season.

The 1946 cotton crop insurance program maintains this same principle but a different method of determining the amount of loss payable has been provided. Under this new method, the insured production remains either 50 or 75 percent of the average yield. However, on any acreage of cotton released by the Corporation because of damage occurring after it is too late to replant to cotton but before the first cultivation, the minimum appraisal is 60 percent of the coverage which means that the amount of loss payable cannot exceed 40 percent of the coverage on such acreage. On other insured cotton acreage which is released by the Corporation because of damage occurring after the first cultivation but before the beginning of harvest, the minimum appraisal is 25 percent of the coverage which means that the amount of loss payable cannot exceed 75 percent of the coverage on such acreage. Only three-fourths of a loss on harvested acreage is paid. The premium rates were determined by the Corporation to reflect the smaller amounts of loss payable. These lower amounts of loss payable do not penalize the insured but merely place him on a more equitable basis with the grower who incurs the expense of producing and harvesting the crop.



### III. PREPARATION AND EXECUTION OF THE APPLICATION

The following is a typical example of how the application should be prepared and executed before it is forwarded by the agent to the office of the county association. Care must be exercised by the agent to see that all signatures are properly affixed on the applications, particularly those of persons acting in a fiduciary or representative capacity.

Form FCI-612-C

U. S. DEPARTMENT OF AGRICULTURE  
Federal Crop Insurance Corporation

Budget Bureau No. 40-R-1201.1  
Approval expires July 31, 1948

(State and county code and identification number)

Lubbock  
(County)

Texas  
(State)

#### APPLICATION FOR COTTON CROP INSURANCE

(Pursuant to the Federal Crop Insurance Act, as amended)

A. The undersigned applicant, as evidenced by his signature in Item F below, hereby applied to the Federal Crop Insurance Corporation (herein called "the Corporation") for insurance to cover his interest as landlord, owner, tenant, or shareholder in American Upland cotton crops to be planted on all insurance units located, or considered for crop insurance purposes to be located, in the county designated above, in which the applicant has an interest at the time of planting. The insurance shall cover loss in yield of lint cotton (and cottonseed production, if insured) due to unavoidable causes, including drought, flood, hail, wind, frost, winter-kill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board of Directors of the Corporation. It is understood and agreed that this application, when accepted by the Corporation, and the Cotton Crop Insurance Regulations issued by the Corporation, including any amendments thereto, shall constitute the insurance contract. If this application is accepted by the Corporation, the contract shall be in force and effect for the first crop year beginning after submission of the application and shall continue for each succeeding crop year thereafter until either party gives to the other party, on or before January 31 of any year, written notice by mail of termination effective at the beginning of the succeeding crop year: Provided, however, That the applicant may, in case he is affected by an increase in the premium rates or a reduction in the insurance coverages from the next preceding crop year, terminate the contract by giving written notice by mail to the Corporation on or before the applicable closing date for filing applications. Failure to terminate the contract as herein provided shall constitute acceptance of changes, if any, in the premium rates or insurance coverages or in the Cotton Crop Insurance Regulations.

B. AVERAGE YIELD AND PREMIUM RATE PER ACRE. For each crop year, the average yield(s) and premium rate(s) per acre for each insurance unit, covered by the contract shall be those established by the Corporation and shall be on file in the office of the county association.

C. Percent Insurance Applied for: 75%

D. Cottonseed Production Insured: Yes

(Enter 50% or 75%)

(Enter yes or no)

E. GRADE AND STAPLE FOR THE PAYMENT OF PREMIUMS AND INDEMNITIES:

Middling: 2 1"

(Enter one: 15/16", 1", 1-1/16", or 1-1/8")

If irrigated S.M.

(Enter one: 1-1/16" or 1-1/8")

Be sure to enter the percent insurance applied for

Only one grade and staple length shall be designated and it shall be shown on the application



It is understood and agreed that if the grade and staple of cotton to be used as the basis for the payment of premiums and indemnities are not entered above, or if the grade and staple of cotton designated by the applicant is not customarily grown in the area, the Corporation may enter or change the grade and staple. The grade and staple of cotton to be used as the basis for the payment of premiums and indemnities shall be those determined by the Corporation.

**NOTE FOR PREMIUM.**--Subject to the terms and conditions of Items A through I hereof, all made a part of this note, the undersigned applicant promises to pay to the order of the Federal Crop Insurance Corporation, each crop year during which the insurance contract is in effect, on or before the applicable maturity date specified in the Cotton Crop Insurance Regulations, the amount of the premium due from him under the contract for such year, either in cash or cotton, or both, with interest after maturity on any unpaid portion thereof at the rate of one-half of one percent for each calendar month or fraction thereof, except that no interest will be charged on any amount that is paid within two calendar months after maturity.

Any unpaid amount of this note (either before or after the maturity date) may be deducted from any indemnity payable under the contract, from the proceeds of any commodity loan to the insured, and from any payment made to the insured under the Soil Conservation and Domestic Allotment Act, as amended, or any other Act of Congress or program administered by the United States Department of Agriculture.

The undersigned co-signer, if any, is a surety for the payment of the premium due in the first crop year of the contract and is in no other way a party to the contract.

Name and Address of Applicant:

Name: John Doe  
(Type or print)  
Address: Rt. 2, Lubbock, Texas  
(Type or print)

Joe Brown, Rt. 2, Lubbock, Texas  
(Co-signer - name and address - type or print)

Mrs. Mary Doe, Rt. 2, Lubbock, Texas  
(Beneficiary - Name and address - Type or print)

**H. RECOMMENDATION AND CERTIFICATION BY THE COUNTY COMMITTEE.**--The member of the County Agricultural Conservation Committee, on behalf of such Committee, as evidenced by his signature affixed in such capacity below, recommends acceptance of the application and certifies that, to the best of its knowledge and belief, the application has been submitted in accordance with the provisions of the Cotton Crop Insurance Regulations, and any amendments thereto, and that, if the signature of the applicant in Item F has been affixed by a person who signed as fiduciary or agent, such person had authority to act in such capacity.

(Date) 1945

**I. ACCEPTANCE BY THE FEDERAL CROP INSURANCE CORPORATION.**--It is understood and agreed that upon acceptance of the application by a duly authorized representative of the Corporation, as evidenced by his approval below, the insurance contract shall be in effect, provided the application has been submitted in accordance with the provisions of the application and the Cotton Crop Insurance Regulations, including any amendments thereto.

THE FEDERAL CROP INSURANCE CORPORATION

(Date) 1945

(Note: All checks, bank drafts, and money orders in payment of crop insurance premiums or indebtedness shall be made payable to the TREASURER OF THE UNITED STATES. Payment in cash shall be made only at the office of the county association.)

Signature should be with ink or indelible pencil

Be sure to enter date of signature

Agent must sign as witness. A second witness is required by some states if applicant's signature is by mark.

John Doe  
(Signature of applicant) (Date) March 17, 1945

Richard Roe  
(Witness to applicant's signature) (Date) March 17, 1945

Joe Brown  
(Signature of co-signer) (Date) March 17, 1945

(Signature of county committeeman)

This name should agree with applicant's signature

Enter the correct mailing address

Unless the applicant is considered a good risk, the estimated amount of the premium shall be collected in advance or a satisfactory co-signer must be obtained. The co-signer must be a responsible person such as land-lord, operator, furnishing merchant, etc.

Designation is optional



# AGENT'S SALES REPORT

The following is a typical example of how the agent's sales report should be prepared by the agent. If the agent is submitting applications showing more than one commodity, such as wheat and cotton, separate sales reports shall be prepared for the respective commodities.

\* \* \* \* \*

## UNITED STATES DEPARTMENT OF AGRICULTURE Federal Crop Insurance Corporation

Form FCI-1  
(Revised May 1945)

### AGENT'S SALES REPORT

Sheet 1 of 1 sheets

State Texas

Cotton  
Name of Crop

County Lubbock

Name of Applicant (A)	Address of Applicant (B)	Farm Serial No. (C)	Relation-ship to farm (D)	Identification No. (E)	Remarks (F)
Joe Brown	Rt. 1, Lubbock, Texas	100	Owner-operator		
" "	" " " "	101	Landlord		
John Doe	Rt. 1, Lubbock, Texas	101	Share-tenant		Joe Brown
Joe I. Doe	Rt. 1, Lubbock, Texas	1397	Owner-operator		
" " "	" " " "	1865	Cash tenant		John Smith

- 1/ List the farm serial number for each farm in the county on which the applicant has an interest in the crop to be insured.
- 2/ State whether the applicant is landlord, owner-operator, cash tenant, share tenant, or sharecropper. If the applicant is a tenant or sharecropper, give the landlord's name in the "Remarks" column.
- 3/ The entries for this column will be made in the county office upon receipt of Form FCI-1 from the agent.

March 17, 1945

(Date)

Agent's signature

Richard Roe

\* \* \* \* \*

The original of the agent's sales report shall be forwarded to the office of the county association each day, together with all copies of the signed applications and any premiums collected. The copy of the report shall be kept by the agent.



TABLE

Insured Production				Insured Production			
Average: 75 percent:		50 percent:		Average :		75 percent: 50 percent	
yield :	insurance :	insurance :	insurance :	yield :	insurance :	insurance :	insurance :
POUNDS PER ACRE							
100	75	50	320	240	160		
105	79	52	325	244	162		
110	82	55	330	247	165		
115	86	57	335	251	167		
120	90	60	340	255	170		
125	94	62	345	259	172		
130	97	65	350	262	175		
135	101	67	355	266	177		
140	105	70	360	270	180		
145	109	72	365	274	182		
150	112	75	370	277	185		
155	116	77	375	281	187		
160	120	80	380	285	190		
165	124	82	385	289	192		
170	127	85	390	292	195		
175	131	87	395	296	197		
180	135	90	400	300	200		
185	139	92	405	304	202		
190	142	95	410	307	205		
195	146	97	415	311	207		
200	150	100	420	315	210		
205	154	102	425	319	212		
210	157	105	430	322	215		
215	161	107	435	326	217		
220	165	110	440	330	220		
225	169	112	445	334	222		
230	172	115	450	337	225		
235	176	117	455	341	227		
240	180	120	460	345	230		
245	184	122	465	349	232		
250	187	125	470	352	235		
255	191	127	475	356	237		
260	195	130	480	360	240		
265	199	132	485	364	242		
270	202	135	490	367	245		
275	206	137	495	371	247		
280	210	140	500	375	250		
285	214	142	505	379	252		
290	217	145	510	382	255		
295	221	147	515	386	257		
300	225	150	520	390	260		
305	229	152	525	394	262		
310	232	155	530	397	265		
315	236	157	535	401	267		



TABLE (Continued)

Insured Production				Insured Production			
Average	75 percent	50 percent		Average	75 percent	50 percent	
yield	insurance	insurance		yield	insurance	insurance	
POUNDS PER ACRE							
540	405	270	675	506	337		
545	409	272	680	510	340		
550	412	275	685	514	342		
555	416	277	690	517	345		
560	420	280	695	521	347		
565	424	282	700	525	350		
570	427	285	705	529	352		
575	431	287	710	532	355		
580	435	290	715	536	357		
585	439	292	720	540	360		
590	442	295	725	544	362		
595	446	297	730	547	365		
600	450	300	735	551	367		
605	454	302	740	555	370		
610	457	305	745	559	372		
615	461	307	750	562	375		
620	465	310	755	566	377		
625	469	312	760	570	380		
630	472	315	765	574	382		
635	476	317	770	577	385		
640	480	320	775	581	387		
645	484	322	780	585	390		
650	487	325	785	589	392		
655	491	327	790	592	395		
660	495	330					
665	499	332					
670	502	335					

The above table shows the insured production for both 75 and 50 percent insurance. To use this table, the first step is to obtain the farm average yield from the agent's list of farm yields and premium rates. Then, in column 1 of the table, locate the figure nearest the average yield for the farm (e.g. If the farm average yield were 228 pounds, the figure in column 1 nearest this average yield would be 230 pounds.) After locating the yield figure in column 1, follow horizontally across the table to the applicable column for 75 or 50 percent insurance.

